

Grama Panchayat Finances of Karnataka

A Indira

CBPS

CENTRE FOR BUDGET AND POLICY STUDIES
SV Complex, 55 KR Road, Basavangudi, Bangalore 560004. India
email: office@cbpsindia.com

SDME CBPS MONOGRAPHS

- ★ 'Decentralisation From Above- Panchayat Raj in the 1990s' by Vinod Vyasulu, March 2000.
- ★ 'Democracy and Decentralisation: a Study of Local Budgets in two Districts of Karnataka' by A. Indira, et al, March 2000.
- ★ 'Democracy and Decentralisation: Zilla, Taluk and Grama Panchayats,' A. Indira et al, March 2000.
- ★ 'Small Enterprises in Karnataka - Lessons from a survey in Karnataka' A.Indira, B.P.Vani, Vinod Vyasulu, February 2001
- ★ 'Development at the District Level: Kodagu in the 1990s' A. Indira. Note submitted to the District Planning Committee, March 2001.
- ★ 'The Health Budget in Karnataka: A Preliminary Study' A. Indira, Vinod Vyasulu, April 2001
- ★ 'The Estimation of District Income and Poverty in the Indian States' A. Indira, Meenakshi Rajeev, Vinod Vyasulu, August 2001
- ★ 'The Budget for Education-A Study at the District Level in Karnataka', by Vinod Vyasulu, A. Indira, November 2001
- ★ 'Civil Society and Budget Analysis- Experience of Civil Society and Budget Analysis in Nepal, Bangladesh and India' Documented by Jonna Vyasulu, June 2002
- ★ 'Budget Transparency, Accountability and Citizen Participation. The PROOF Campaign in Bangalore' by Vinod Vyasulu, May 2003
- ★ 'City Government, Budget Analysis and People's Participation in India. The Experience of Bangalore' by Seema Dargar, June 2003
- ★ 'Productivity and Food Security a Marginal Situation Case Study' by Sharadini Rath, November 2003
- ★ "Exploring Institutional Linkage; Panchayati Raj Institutions and Natural Resource Management in Karnataka" V. Vijayalakshmi & Vinod Vyasulu, December 2003
- ★ Maternal Health in Karnataka - As seen from Budget Data. A Preliminary Analysis For Discussion Among Civil Society Groups, October 2004

Grama Panchayat Finances of Karnataka

A Indira

**Centre for Budget and Policy Studies
SV Complex, 55 KR Road, Basavangudi,
Bangalore 50004**

India

CBPS

Email: office@cbpsindia.org

93
26/4/05

Grama Panchayat Finances of Karnataka¹

Introduction

In recent times the States' Finances of India have steadily been going downhill. This has caused many to think of fiscal corrections. With this comes the understanding that without the requisite finances to bolster the economy any social welfare measure becomes a burden on the exchequer. This directly affects the ability of the state governments to spend on high-priority development sectors like education, health and food distribution. In fact the Reserve Bank's Annual Report (2002-03) has observed "it is increasingly recognized that it is the State finances where the Government sector's interface with the people is most significant. Issues in the reform of fiscal policy in the States have a direct bearing on the quality of life."

Karnataka has been commended for its performance on the fiscal recovery accentuated by the Medium Term Fiscal Plans it has rigorously adopted. Government of Karnataka released its first Medium Term Fiscal Plan (MTFP) for the period 2000-01 to 2004-05 during the budget session in 2001. This was a sequel to the release of a White Paper on Karnataka State Finances in 2000. While the White Paper identified the sources and causes of stagnancy in revenue and reasons for proliferation of public expenditure and had indicated directions and guidelines for undertaking corrective measures, the MTFP provided a framework for designing implementable reforms in the fiscal area over a medium term.

The First MTFP clearly says *"this was done in the context of the commitment of Government of Karnataka to its overarching goal of reduction of poverty. It was realized that without fiscal sustainability, reduction of poverty would be extremely difficult. Once the fiscal situation comes under control, the State Government can afford to prioritise expenditure in favour of critical areas like social and infrastructure sectors."*

The second MTFP was for the period 2001-02 to 2005-06, the third MTFP was the period 2002-03 to 2006-07 and the latest is the fourth MTFP for the period 2003-04 to 2007-08.

It is however interesting to note that Karnataka's position fell to the 7th place in 2001 from an All India sixth rank that it held in State HDI from 1991.

¹ I am grateful to CBPS for the opportunity to work on this study; to Dr Vinod Vyasulu for helping me access this data base; and Dr K.S. Krishnaswamy for useful comments and encouragement. Views and opinions are my own.

Table 1: Some broad human development indicators of select States

	Per capita NSDP-1997-98	Incidence of unemployment – combined 1999-2000	Percentage below poverty line 1999-2000	Literacy level 2001	Infant Infant rate per 1000 – 1991
Andhra Pradesh	2550	1.4	15.77	61.11	55
Karnataka	2866	1.4	20.04	67.04	74
Kerala	2490	8.6	12.72	90.92	42
Tamil Nadu	3141	2.6	21.12	73.47	54
Maharashtra	5032	2.9	25.02	77.27	74
Gujarat	3918	0.8	14.07	66.43	78
Bihar	1126	2.4	42.60	47.53	75
Uttar Pradesh	1725	1.4	31.15	57.36	99

Source: The State of Human Development, National Human Development Report 2001

It seems that though Karnataka showed improvement in the financial position, it has suffered on the social front, in terms of a lagged improvement in infrastructure, growth in improved services of education and health. The bulk of these expenditures are undertaken by the district administration in the state. The district in turn gets its resources from the State finances.

Karnataka was one of the pioneer states to decentralize and devolve powers to the local self-governments as early as in 1987. The subsequent 73rd Constitutional Amendment, which came in 1993, has further strengthened the process, albeit with a bit of regression in Karnataka.

Many studies have been undertaken on the various issues of PRIs in Karnataka². The studies of the devolution of powers have shown that because of the financial constraints at the lowest tier, namely the Grama Panchayat (GP), there are inadequacies in achieving full social infrastructure development. It is seen that the zilla panchayat merely acts as a conduit.

The main weaknesses in the system are:

- (a) Major share of the monies allocated gets spent on salaries;
- (b) There is multiplicity of schemes, which overlaps many times with each other. These cannot be pooled for obvious reasons and hence serves only a limited purpose, and
- (c) There is no discretion about the spending as the expenditures are clearly demarcated, and local changes cannot be made as per local requirement.

¹ See www.cbpsindia.org for the various studies.

See also M.Govinda Rao, H.K.Amarnath, B.P.Vani, 'Rural Fiscal Decentralisation in Karnataka State', Institute for Social and Economic Change, Bangalore and National Institute for Finance and Public Policy, New Delhi, 2003.

The Zilla Panchayat receives funds allocated under various heads, the major ones being rural development, education, health, water supply and sanitation, and women and child welfare. The funds are broadly classified as state and central (table 2).

The central funds are routed through the state, but in some cases the funds are directly transferred to the GPs. Over the years it has been observed that rural development is a major head encompassing a range of activities and under which a substantial sum of funds is being transferred to the local levels.

Table 2: Proportion of total outlays (state and central) by major heads of development at zilla panchayat 1990-91 to 2003-04 (Rs. Crores)

	Rural Devpt	Education	Health	Water supply & sanitation	Women and child welfare
1990-91	39,67	9,94	9,66	9,05	4,60
1991-92	38,47	10,41	9,43	9,93	5,03
1992-93	35,10	12,21	10,87	9,83	5,57
1993-94	34,94	12,08	10,19	11,52	5,18
1994-95	43,98	10,16	8,87	9,16	5,48
1995-96	38,73	12,78	8,87	11,53	7,60
1996-97	38,40	13,49	8,31	13,32	7,00
1997-98	42,78	8,33	7,30	15,74	7,75
1998-99	42,59	11,31	7,12	13,53	8,56
1999-2000	34,25	16,61	7,11	16,95	8,68
2000-01	29,31	21,26	7,53	15,88	9,05
2001-02	34,51	21,47	7,61	11,79	9,00
2002-03	36,75	10,03	21,64	0,00	12,19
2003-04	38,65	10,11	20,27	0,00	12,36

Source: www.kar.nic.in

Table 3: Zilla panchayat sectoral outlay (central) by major heads of development 1990-91 to 2003-04 (Rs. Crores)

	Rural Devpt	Education	Health	Water supply & sanitation	Women and child welfare
1990-91	52,59	9,45	11,61	8,25	5,95
1991-92	51,63	8,29	11,06	8,29	6,88
1992-93	49,60	5,72	12,83	11,44	8,07
1993-94	54,07	5,26	10,94	13,53	7,47
1994-95	59,73	3,84	9,83	8,15	8,12
1995-96	51,35	4,08	10,80	14,78	9,03
1996-97	45,72	5,05	11,11	19,08	8,72
1997-98	53,24	4,37	9,31	18,34	6,75
1998-99	50,44	8,05	9,83	16,60	8,99
1999-2000	39,15	10,58	10,39	23,37	9,90
2000-01	30,70	16,54	11,76	23,20	10,60
2001-02	34,51	18,36	12,92	15,52	11,91
2002-03	30,70	16,06	30,45	0,00	14,60
2003-04	27,37	17,55	30,22	0,00	16,40

Source: www.kar.nic.in

It is seen that, much of the rural development expenditure is taken up through the centrally sponsored and central sector schemes, which does not come via the state budgets always. Table 3 shows that there has been a decline in spending from the centre towards rural development. However there is a rise in both education and health outlays.

Table 4: Zilla Panchayat Sectoral Outlay (state) by major heads of development 1990-91 to 2003-04 (Rs. Crores)

	Rural devpt	Education	Health	Water supply & sanitation	Women and child welfare
1990-91	28,55	10,36	7,98	9,74	3,44
1991-92	26,77	12,30	7,98	11,37	3,38
1992-93	23,64	17,34	9,33	8,56	3,60
1993-94	21,86	16,73	9,68	10,14	3,62
1994-95	31,27	15,27	8,10	9,98	3,35
1995-96	28,96	19,53	7,37	9,01	6,49
1996-97	32,98	19,72	6,25	9,05	5,72
1997-98	32,95	12,06	5,42	13,29	8,68
1998-99	34,93	14,50	4,47	10,53	8,14
1999-2000	29,70	22,21	4,06	10,97	7,56
2000-01	28,24	24,85	4,31	9,68	7,87
2001-02	34,51	23,62	3,92	9,21	6,98
2002-03	42,87	3,92	12,72	0,00	9,75
2003-04	48,73	3,49	11,42	0,00	8,77

Source: www.kar.nic.in

The corresponding state outlays for the various heads has been lesser than the central allocations. Interestingly however the shares have increased over the years. It is seen that water supply and sanitation has consistently seen fluctuations over the years both under state and central outlays (table 4). Infact the state outlays are much smaller compared to the central outlays.

Interestingly with all the oft-repeated arguments about the decline in outlays and the systemic faults, the CAG report says that at the macro level, *the quantum of assistance to local self governments has in fact increased during the last five years.*

¹ CAG report, Civil, Chapter 1, 2002, www.kar.nic.in

Table 5: Quantum of assistance (GIA) provided to various bodies in the last 5 years (crs.)

	1997-98	1998-99	1999-2000	2000-01	2001-02
Panchayat samithis and ZPs,	3371.33	3813.18	4591.43	4867.29	4461.63
municipalities Total	4318.19	4883.58	5846.59	6451.09	7428.83
% growth over previous period	9	13	20	10	15
% of assistance to rev receipts	41	43	45	44	48
% of assistance to rev expenditure	40	39	38	39	40
% of assistance to PRIs, Municipalities to total assistance	78	78	79	75	60

Source: CAG report, Civil, Chapter 1, 2002, www.kar.nic.in

It says that, “a notable feature of the revenue expenditure of the State was that 38 to 40% of it comprised assistance to local bodies, etc., during 1997-02. The assistance rose from Rs.4318.19 crore in 1997-98 to Rs.7428.83 crore in 2001-02 and the rate of growth varied between 9 and 20%. The increase was Rs.977.74 crore during 2001-02 over 2000-01 (15%). Assistance to PRIs/ Municipalities accounted for 60 to 79% of the total assistance during 1997-02 and it was 60% of the total assistance during 2001-02. The salary component constituting major portion of the assistance rose from Rs.1795.48 crores in 1997-98 to Rs.2663.24 crore during 2001-02³.

This would reiterate the fact that a performance audit is required to know the exact ground position at the GPs. The CAG report goes on to highlight that “State government released funds to ZPs 7 to 49% in excess of the budget provision during 1995-2000 (except during 1997-98). In three out of five test-checked districts, state government released 10 to 17% of the grants on the last working day of the financial year during 1997-2000. As a result the unspent balances in ZP funds increased..... Internal controls against errors and inaccuracies through monthly accounts and plus and minus memorandum were not operational.”

Following from this, the present paper does not claim to break any new ground in the understanding of the finances, but its purpose would be served,

- (a) If it could be used for advocacy to see exactly what is happening in each district,
- (b) If it helps to understand what exactly has been achieved in concrete terms at the GP level in terms of infrastructure development with the monies available,
- (c) And it would be more in line to see how the available funds are used rather than about seeking to increase the funds transferred. A better utilization of funds would be a sure way to signal devolution of power and transfer of greater amounts of finances for local improvement.

The present paper is based on the data collected by the Government of Karnataka at the GP level. The data is available for two years, 1999 and 2000. The revenue data at the GP level has two parts, one comprising of own revenue and that part of the money, which is transferred through Jawahar Grama

Samruddhi Yojana. The expenditure data however does not show which of the revenue sources have been used towards what expenditure. Hence it would be difficult for example to pointedly say that own revenues are used for general expenditures, or whether any other receipts are used to cover expenses under obligatory or discretionary heads.

In the paper both the district level and the GP level sums are considered to arrive at general conclusions. Hence the two formats are - (i) the district figures, which are an aggregation across the talukas, which in turn is aggregated from the GP data, (ii) and the use of GP data for a selective sample of 6 districts. The six districts are Bangalore Rural and Bangalore Urban taken to understand the Capital of the State and its surroundings. The other four are taken based on their relative position in the HDI. Udupi and Kodagu are among the top ranking districts while Bidar and Gulbarga are among the low HDI districts.

Finances of the GP

As on December 2000, there were 5659 grama panchayats, 175 TPs and 27 ZPs in Karnataka. Grama Panchayat is the one entity in the panchayat raj institutional framework that can tax and build its own tax base. The GPs get a certain amount of assigned revenue from the higher levels of government in the form of share in other taxes and grants to make up for any shortfall in revenue.

The main sources of revenue for a GP are:

- taxes on buildings, markets, water, entertainment, etc
- share of cess on land revenue levied by the government
- annual statutory grant of Rs. 2 lakh to every GP to be utilised for specified purposes such as meeting electricity charges, water supply schemes, sanitation and other welfare activities
- allocation under Jawahar Rozgar Yojana (JRY), the amount varying between Rs. 1.5 and 2.5 lakhs, which has been changed to Jawahar Grama Samruddhi Yojana (JSRY) since 1999.
- grants from Government of India (GOI) under the award of the Eleventh Finance Commission.

As part of the General functions of the GP, preparation of the annual plans for the development of the panchayat area is an important component. At the GP level there are two budgets. Both of the draft action plans drawn up for Budget I and Budget II are approved of by the TP.

Budget I is for the funds from the state/central government. The action plan that forms the basis for expending is classified into two separate parts. Part I consists of the spill over works of the previous year that is to be completed in the

current year. Part II consists of the new works that are to be taken up in the current year. Generally, at the GP works of Part I is first taken up and then works of Part II are carried out. Any incomplete works of Part II are carried out in the next year action plan under Part I. Where the beneficiaries are SC/ST, the Grama sabha is the final authority where the names are disclosed and decided upon.

Budget II is prepared with the revenue obtained by levying local taxes – house tax, water tax, library tax and the annual grants received. GP can utilise the funds in Budget II according to its own requirements and reallocated as it deems fit. The administrative expenses of the GP are also to be met from this Budget plan.

From the monies pooled together, the GP has to spend on both obligatory and discretionary functions to take care of the local needs, which are specified under Schedule 1 of the Act.

For a clearer understanding the GP finances can be broadly classified into:

- (a) Own revenue component which includes compulsory taxes, optional taxes, fines and fees, remunerative enterprises;
- (b) Assigned revenue including cess and surcharge collected;
- (c) Grants including grants coming from state government and central government for specific schemes; and
- (d) Donations and contributions that are voluntary funds donated by people.

Of the above four, the data available is not clear about how much is received as assigned revenue. Further it is seen that donations and contributions are very little (or negligible in many cases) in the total revenue receipts.

Table 6: Share of various revenues to total revenues in the districts

	Own rev to Total rev	JGSY to total rev	State grant to Total rev	Central grant to Total rev	Total grant to Total rev
Bang Rural	44.57	42.53	26.81	17.35	55.43
Chamrajnagar	22.86	51.28	32.27	21.88	77.14
Chikmagalur	24.66	25.86	47.04	19.40	75.34
Hassan	21.11	30.19	42.95	25.54	78.89
Mandya	33.60	41.02	47.69	11.83	66.40
Mysore	33.70	24.51	35.12	19.20	66.30
Shimoga	31.46	34.81	62.95	0.73	68.54
Tumkur	22.99	30.03	50.86	19.16	77.01
Kodagu	72.57	76.57	36.68	19.44	61.78
Belgaum	26.39	26.89	46.82	20.46	73.61
Koppal	40.73	63.54	48.66	9.94	59.27
UK	19.90	36.03	59.59	17.36	80.10
Bang Urban	66.82	54.12	18.28	10.17	33.18
DK	40.24	16.17	39.55	18.97	61.25
Udupi	39.29	18.26	31.51	25.20	60.71
Kolar	30.75	80.70	50.29	2.54	68.78
Bellary	25.20	58.61	45.90	22.74	74.80
Chitradurga	21.63	66.56	42.76	28.60	78.37
Davangere	21.80	78.08	45.96	25.72	78.20
Hubli	21.15	22.98	52.11	15.88	78.85
Gadag	28.32	48.09	42.31	16.47	71.68
Haveri	24.34	31.05	43.25	22.02	75.66
Raichur	19.22	46.44	46.12	28.85	80.78
Gulbarga	23.42	77.44	55.00	11.19	76.58
Bijapur	31.04	55.07	44.08	16.52	68.96
Bagalkote	28.37	60.56	44.52	16.23	71.63
Bidar	15.84	109.19	67.16	12.71	84.16

The data is pooled over GPs (in terms of villages) for the districts

Table 6 shows the proportions of various revenues in the districts. Except for the higher income districts like Kodagu, Bangalore Urban, all districts show that their 'own revenue' generation is very low. The grants support the GPs and form nearly 70% or more of the total revenue. The field surveys of CBPS in Bangalore Urban and Kodagu districts endorse the above data which suggests that those districts which were better endowed in natural resources and are also able to creatively exploit them were better able to generate a higher level of own revenue. In the poorer and less developed districts such as Bidar and Gulbarga the own revenue was between 15-20% of the total revenue collected.

Coming to a more detailed study of the own sources - it has under it:

- The compulsory taxes, primarily property taxes,
- Optional taxes which are rarely collected. Water charges is one example of this, which is collected only in some GPs.
- Non-taxes which includes fines and fees. These include license fees on trades and business, permission fee for buildings and monthly fee on tap connections are a major source of revenue. The main heads are license fee, development fee and santhe fee.

(d) And the other most important source of revenue is through the remunerative enterprises, like rents of GP buildings, refundable deposits and other revenues.

Table 7: Share of various revenue components in total own revenue

	Property tax	License fee	Water charges	Rents of GP bldgs	Devpt fee	Santhe fee	Other refundable deposits	Other revenue	Contribution
Bang rural	50,81	7,21	9,43	3,68	10,50	1,55	1,17	15,65	0,00
Chamarajnagar	47,06	11,14	20,41	2,07	0,01	2,39	4,83	12,09	0,00
Chikmagalur	44,63	7,02	10,08	11,48	2,82	5,08	1,74	17,16	0,00
Hassan	48,98	7,96	11,96	2,74	0,46	2,46	2,28	23,16	0,00
Mandya	38,69	11,43	12,51	2,53	4,79	2,23	0,26	27,54	0,00
Mysore	52,10	9,35	20,72	1,54	0,20	3,53	0,21	12,35	0,00
Shimoga	51,11	6,21	12,32	7,56	1,57	0,00	3,20	18,03	0,00
Tumkur	50,27	6,53	9,54	7,30	3,56	3,63	2,31	15,24	1,62
Kodagu	21,16	8,21	7,24	9,16	1,28	12,80	18,77	21,38	0,00
Belgaum	63,29	3,48	17,33	3,42	0,84	3,14	0,13	8,37	0,00
Koppal	50,93	10,32	10,04	3,01	0,88	4,76	0,32	19,74	0,00
UK	46,51	5,87	6,16	9,36	0,00	2,40	0,79	28,92	0,00
Bang urban	75,58	6,36	3,00	1,46	4,12	0,58	0,70	8,20	0,00
DK	78,46	12,76	10,98	22,74	1,15	5,16	1,54	13,95	0,43
Udupi	41,54	14,43	1,20	24,87	0,00	0,00	7,49	10,47	0,00
Kolar	52,18	6,01	9,24	3,93	2,29	7,18	2,62	14,51	2,11
Bellary	53,22	8,63	18,44	3,92	0,71	4,81	0,01	10,27	0,00
Chitradurga	53,33	9,23	10,46	4,71	0,61	3,68	0,36	17,63	0,00
Davangere	58,25	8,59	12,37	2,73	0,70	4,08	0,64	12,64	0,00
Dharwad	56,08	3,60	18,81	3,22	3,27	4,49	2,53	8,01	0,00
Gadag	49,11	2,68	21,21	4,97	4,22	2,64	2,48	12,68	0,00
Haveri	63,56	3,78	13,34	3,24	1,20	4,12	0,44	10,33	0,00
Raichur	51,28	6,46	14,31	3,31	1,40	6,15	0,00	17,10	0,00
Gulbarga	61,83	8,57	17,41	2,76	0,35	1,78	0,00	7,29	0,00
Bijapur	74,39	3,92	8,05	2,87	0,88	3,14	0,37	6,38	0,00
Bagalkote	58,35	9,42	16,00	4,18	0,67	1,04	1,19	9,16	0,00
Bidar	79,00	3,25	6,61	1,10	0,36	0,22	0,24	9,22	0,00

Source: calculated from data

Table 7 shows that property tax forms the highest proportion of revenue in own sources of income. There practically is no private contribution worthy of mention in any district. Monies earned as fees and rents are also minimal in nature.

It is seen that few GPs collect water charges. **It is seen that due to lack of infrastructure development or in most cases inadequate or insufficient development of infrastructure, there is no way that a GP could venture to tax on the development initiatives. The political will at the GP would have to prove its intentions before being able to raise taxes.**

Grants:

It is seen that grants form more than 50% of the funds flowing to the GPs (Table 6). As of today the major receipts under central grants comes through Jawahar Grama Samruddhi Yojana (75%). This is a specific grant given for creation of durable productive community assets. Jawahar Gram Samruddhi Yojana (JGSY) is the restructured, streamlined and comprehensive version of the erstwhile

Jawahar Rozgar Yojana(JRY). It was launched on 1st April,1999. It has been designed to improve the quality of life of the rural poor by providing them additional gainful employment.

The primary objective of Jawahar Gram Samruddhi Yojana is the creation of demand driven village infrastructure including durable assets to enable the rural poor to increase the opportunities for sustained employment. The secondary objective is the generation of supplementary employment for the unemployed poor in the rural areas.

People living in villages constitute the target group of JGSY. Preference is given to SCs/STs, families living below the poverty line and physically handicapped persons.

The programme is implemented entirely at the Village Panchayat level. District Rural Development Agencies (DRDAs)/ Zilla Parishads(ZPs) release the funds including the State matching share, directly to Village Panchayats.

- 22.5 per cent of JGSY funds have been earmarked for individual beneficiary schemes for SCs/STs.
- The emphasis of JGSY is on the creation of durable assets at the village level. Therefore, it has been decided to suitably relax the condition of maintenance of 60:40 wage-material ratio so as to enable the Panchayats to build up demand-driven rural infrastructure, simultaneously taking due care of need-based wage employment generation.
- In many States Village Panchayats are not sufficiently equipped with staff nor do they have sufficient funds to bear other administrative expenditure/ contingency. Under JRY Village Panchayats were permitted to spend upto Rs. 1000/- per year for purchasing items of stationery, registers etc. However, this is hardly adequate both due to escalation of costs and enhanced responsibilities of Gram Panchayats. It is, therefore, decided to allow Village Panchayats to incur expenditure upto Rs. 7500/- or 7.5% of funds, whichever is less, in a year on administrative expenditure/contingency and for employing technical consultancy.
- 15 per cent of funds can be spent on maintenance of assets.
- Under JRY, allocation of funds to the Village Panchayats were made on the basis of population. The Village Panchayats having less than 1000 population were taken as of 1,000 population and more than 10,000 taken as 10,000 for the purpose of allocation of funds to the village panchayats. It has been decided to remove the present upper ceiling of 10,000 population for allocation of JGSY funds to the village panchayats. Now the funds to the village panchayats would be allocated on the basis of population without any ceiling of 10,000 as at present.

The programme is implemented as a Centrally sponsored scheme on cost sharing basis between the centre and the States in the ratio of 75:25 DRDAs/Zila Parishads will release the funds including State matching share directly to Village Panchayats.

Apart from JGSY, there are other grants also which the GP is receiving, which are as follows: (1) statutory grants from state, (2) grants from central finance commission, (3) grants for maintenance of piped water supply scheme and minor water supply scheme, (4) grants like Nirmal Karnataka.

Expenditures taken up at the GP:

The major heads under revenue expenditure are administration expenses, obligatory activities including lighting, communications, sanitation and public health, water supply, and discretionary which can be other amenities, specific developmental activities and remunerative enterprises.

Table 8: Proportion of JGSY expenditure heads to total JGSY expenditure (2000)

	Roads	Drainage & sanitation	Creation of water supply	Exp on phy handi capped	Street lights	Constr and repair of houses for SC/ST	welfare activity for SC/ST	Constr and repair of bldgs	Other admn exp
Bang Rural	10.45	30.81	4.39	1.69	0.43	17.62	9.27	19.71	6.28
Chamrajnagar	13.68	40.54	0.84	0.00	0.06	25.86	1.76	11.35	5.91
Chikmagalur	17.30	22.15	8.04	0.58	1.38	10.62	8.99	25.02	5.92
Hassan	15.16	29.20	5.87	1.37	0.61	7.02	17.71	16.82	6.23
Mandya	9.42	53.07	1.86	0.23	1.48	14.90	3.66	9.67	5.70
Mysore	6.09	46.76	1.56	0.02	0.19	24.65	2.84	13.09	4.80
Shimoga	23.08	25.15	3.22	0.17	0.11	10.65	12.37	20.44	4.81
Tumkur	17.81	28.59	7.85	0.60	0.30	19.12	4.17	10.32	11.24
Kodagu	28.92	22.12	8.45	0.00	0.63	7.87	9.83	19.03	3.15
Belgaum	40.78	17.95	3.23	1.20	0.38	15.99	3.33	14.15	2.99
Koppal	6.55	10.17	0.73	1.91	0.37	15.82	12.13	45.56	6.76
UK	29.79	13.30	5.31	0.23	0.65	12.83	13.61	19.37	4.90
Bang Urban	13.74	39.04	2.63	0.06	0.11	18.91	1.43	19.36	4.71
DK	30.42	19.50	6.29	5.24	0.94	10.66	8.01	21.65	8.65
Udupi	24.40	16.44	4.19	0.00	0.43	11.10	12.77	27.37	3.29
Kolar	22.11	23.32	7.22	0.75	0.48	17.57	6.12	12.73	9.70
Bellary	26.22	18.20	3.72	1.02	0.08	10.48	10.31	19.72	10.26
Chitradurga	18.30	25.98	2.12	0.59	0.48	16.16	7.93	18.44	9.99
Davangere	18.32	32.44	2.93	1.64	0.78	12.09	9.88	15.22	6.71
Dharwad	26.83	24.12	2.25	2.81	0.36	12.15	5.42	16.90	9.15
Gadag	29.51	12.89	2.35	1.18	1.96	17.24	5.64	21.00	8.23
Haveri	30.25	26.85	1.51	1.45	0.18	5.66	13.72	10.71	9.67
Raichur	19.41	7.71	3.21	0.76	0.62	13.81	15.67	29.77	9.04
Gulbarga	23.71	10.20	4.23	0.43	0.66	20.82	7.44	25.96	6.55
Bijapur	33.41	5.70	3.01	0.00	0.59	15.12	7.05	30.69	4.43
Bagalkote	37.85	4.58	0.61	2.69	0.30	17.97	5.17	28.03	2.80
Bidar	31.53	11.83	7.61	0.28	0.21	16.04	5.79	21.63	5.08

Source: calculated from data

Table 9: Proportion of expenditure heads to total expenditure, 2000

	Total salaries	Payts to member	Elec bill of GP office	Public works-roads	Sani-tation	Water charge	Street lights	Welfare of SC/ST	Establishment exp excl salaries	Natural calamity	others
Bang rural	20,87	1,62	0,27	10,94	9,78	25,13	15,50	3,95	11,63	0,17	0,15
Chamrajnagar	26,99	2,29	0,37	24,25	5,12	21,60	9,18	2,47	7,61	0,04	0,07
Chikmagalur	12,90	1,87	0,36	22,70	4,68	22,91	20,47	3,53	10,10	0,07	0,41
Hassan	12,66	1,60	0,74	26,39	1,38	14,23	28,77	4,28	7,97	0,50	1,49
Mandya	20,45	1,77	0,66	25,14	1,87	16,78	23,42	2,78	7,00	0,04	0,09
Mysore	20,59	1,73	0,37	25,22	3,22	20,01	16,53	3,17	9,04	0,06	0,06
Shimoga	11,84	2,34	0,13	19,72	3,16	21,79	23,58	6,68	9,85	0,11	0,80
Tumkur	18,75	1,81	0,64	25,15	4,51	16,63	20,97	3,81	6,41	0,13	1,19
Kodagu	13,75	1,35	6,87	31,01	3,52	15,07	11,69	6,23	9,08	0,01	1,43
Belgaum	18,34	2,35	0,76	22,53	7,30	18,76	15,20	2,56	10,51	0,28	1,64
Koppal	21,78	1,93	0,78	22,73	5,34	12,89	19,13	4,69	9,94	0,25	0,53
UK(bhatkal)	8,10	1,83	0,92	39,50	4,00	9,12	15,85	3,92	14,69	0,03	2,05
Bang urban	13,65	0,86	0,43	30,64	6,21	16,64	12,40	5,46	13,32	0,14	0,26
DK(m'lore)	12,01	1,84	2,89	28,04	5,50	29,12	13,86	8,36	15,08	1,76	6,69
Udupi	10,90	1,34	0,93	39,63	3,13	8,81	10,58	8,96	10,86	0,26	4,61
Kolar	26,00	2,53	0,57	9,39	5,43	24,00	17,94	3,34	10,17	0,11	0,51
Bellary	16,03	1,82	0,67	20,93	7,72	15,42	18,10	3,47	12,71	0,30	2,82
Chitradurga	17,00	1,89	0,63	24,95	4,02	19,86	20,42	2,51	8,21	0,03	0,48
Davangere	13,33	1,85	0,50	15,51	4,38	23,25	27,37	3,93	9,19	0,04	0,64
Dharwad	24,38	2,58	3,44	24,85	11,43	20,59	18,82	3,12	16,41	0,09	1,81
Gadag	18,54	2,10	1,26	17,88	5,03	15,59	14,48	2,55	22,29	0,14	0,15
Haveri	18,30	2,46	0,84	22,86	5,66	15,74	17,56	2,80	12,66	0,18	0,94
Raichur	20,84	2,43	1,00	20,87	3,36	17,86	12,73	4,43	15,86	0,12	0,50
Gulbarga	25,93	2,19	0,66	20,38	2,47	15,47	10,14	4,02	18,27	0,26	0,20
Bijapur	22,67	2,16	0,77	17,51	6,75	18,67	17,77	3,84	9,53	0,02	0,31
Bagalkote	28,48	2,71	0,85	18,59	6,33	12,44	16,39	4,48	8,69	0,37	0,69
Bidar	29,12	2,67	0,27	14,39	2,35	27,09	8,97	4,05	10,17	0,23	0,69

Source: calculated from data

The expenditure figures considered in Table 9 correspond to own revenue collected and is separate from the JGSY funds received by the GPs. It is seen that salaries and establishment costs are the highest in the expenditure list. The other two main components receiving attention are construction and repair of roads, buildings and drainages; and water supply maintenance and repair of pumps.

An analysis of the available data suggests that both JGSY funds (table 8) and the own revenue (table 9) are put into use under the same heads such as lighting, water connections, and roads. Infact JGSY funds is critical in the total revenue spent on infrastructure development at the GP level.

Part II

Micro view of GP

What stands out is that, property tax is the main source of own revenue for a GP. A GP would need to innovate and bring in other creative ways of augmenting its own income so that it can have a leeway in working for the local needs. However it is interesting to note that most GPs however poor have an own income of Rs. 1,00,000 (Table 11), a tidy sum of money to undertake smaller works with local initiative and 'shramdhan'.

There are many GPs which have five or more villages under its jurisdiction. This can affect the infrastructure development because the funds would get dispersed more thinly across a GP, dependent on the number of villages. But this again does not confirm to the law of averages, since it is seen in backward districts like Gulbarga and Bidar, the majority of talukas have GPs with five or less than five villages under its jurisdiction. And this has had no substantive positive impact on the development process. So what would be the reasons for this?

Also the data (Tables 12 to 17) clearly shows that there is no GP with where all of the citizens have accessibility to minor water supply schemes, piped water supply schemes, households with individual water connections, or streetlights.

Table 12:Gulbarga

Talukas	No. of GPs	Total villages		HHs BPL			HHs with PWH		meter fixed	mwsvil	pwsvil	Street lights
		<=5	>=10	<10%	10 to 25	>=50	<=10%	>=50%				
Afzalpur	22	13			11	2	8		1	3	3	20
Yadgir	39	25	3		11	11	28		3	18	4	33
Shorapur	42	22	3	3	1	24	36		1	4	5	36
Jevargi	33	21	1		9	10	26			7	10	27
Shahapur	36	24	3		9	8	28		7	4	9	31
Sedam	23	14	2		9	5	20	1		1	1	19
Gulbarga	36	24	4		11	8	17		1	7	6	30
Chincholi	32	13	7		3	10	23		1	3	1	26
Chitapur	35	20	2	3	7	10	29			6	5	26
Aland	40	30	1	1	8	7	15		2	9	7	38

The figures are summed over GPs for a taluk

Table 13:Bidar

Talukas	No. of GPs	Total villages		HHs BPL			HHs with PWH		meter fixed	mwsvil	pwsvil	Street lights
		<=5	>=10	<10%	10 to 25	>=50	<=10%	>=50%				
Aurad	37	20	7		5	4	10	1		6	2	31
Bidar	31	22			5	8	31			17	7	28
Humnabad	35	32			7	9	15	2		19	13	34
Bhalki	33	24	1		8	8	11			7	3	31
Basavakalyan	35	23	2	2	3	14	17			12	3	33

The figures are summed over GPs for a taluk

Table 14:Bangalore Urban

Talukas	No. of GPs	Total villages		HHs BPL			HHs with PWH		meter fixed	mwsvil	pwsvil	Street lights
		<=5	>=10	<10%	10 to 25	>=50	<=10%	>=50%				
Bang N	31	5	14	7	11	5	22			8	1	26
Anekal	28	5	13	14	7	2	23			9	6	23
Bang S	45	13	12	21	16	1	24	5		10	6	42

The figures are summed over GPs for a taluk

Table 15:Bangalore Rural

Talukas	No. of GPs	Total villages		HHs BPL			HHs with PWH		meter fixed	mwsvil	pwsvil	Street lights
		<=5	>=10	<10%	10 to 25	>=50	<=10%	>=50%				
Channapatna	30	9	6	1	3	8	11			3	3	29
Hoskote	26	4	18	3	12	4	14			1		15
Ramanagar	23	1	18		2	9	11					21
kanakapura	41	1	35	1	14	11	30	1	2			35
nelamangala	22	1	21		1	14	18				1	19
Magadi	32	1	30		4	13	25	1				23
Doddaballapura	27	1	18		3	14	18		3	2	1	22
Devanahalli	19	2	11		4	8	16		1	3		15

The figures are summed over GPs for a taluk

Table 16:Kodagu

Talukas	No. of GPs	Total villages		HHs BPL			HHs with PWH		meter fixed	mwsvil	pwsvil	Street lights
		<=5	>=10	<10%	10 to 25	>=50	<=10%	>=50%				
Madikeri	22	16			7	4	18			3	2	10
Virajpet	36	34			5	9	28	1		6	4	13
Somvarpet	41	19	13	6	11	8	25	1		8	10	17

The figures are summed over GPs for a taluk

Table 17:Udupi

Talukas	No. of GPs	Total villages		HHs BPL			HHs with PWH		meter fixed	mwsvil	pwsvil	Street lights
		<=5	>=10	<10%	10 to 25	>=50	<=10%	>=50%				
Karkalla	29	29			9	1	28			17	13	29
Kundapura	56	56			8	13	54			24	35	43
Udupi	61	57	4	4	15	7	57			16	33	43

The figures are summed over GPs for a taluk

Looking a little more closely within the GP precincts, it is quite clear that the revenues differ largely at the GP level. This shows up as differences in levels of development within a taluka. One of the main reasons is clearly the differences in

the earning capacities of the GPs. This can be one of the reasons for poor social sector development seen in the above tables.

Aggregating at the taluka level, it is seen that in 65 taluks, JGSY expenditure is greater than JGSY revenue. Table 10 gives the differences between the expenditures and the revenues under both 'own income' and JGSY heads.

A simple exercise was done on the GP data with respect to the various villages and hamlets that came under its purview. The following tables (Tables 18 to 23) show the figures for a single taluk in each district with the pooled GP data (across villages).

- a. PTMIN – minimum property tax collected,
- b. PTMAX- maximum property tax collected, (these two numbers were available in the data);

The following were calculated to see what was happening at the GP level.

- c. *Col. to dd* – actual proportion of property tax collected with respect to the demand raised in the GP,
- d. *Cost of col* – cost of collection which gives the amount collected for every Re.1 spent on the salary of the Bill collector in the GP,
- e. *Orev trev* – proportion of own revenue to total revenue collected of the GP,
- f. *Orev totalsal*- proportion of own revenue spent on the total salary bill of GP, or in other words it should help in understanding whether total salaries are being paid out of own revenue of the GP,
- g. *Orev texp* – amount of own revenue spent in the total expenditure of the GP
- h. *Tgar trev* – proportion of statutory grants in total revenue of the GP,
- i. *Tgar texp* – proportion of statutory grants in total expenditure of the GP, or the numbers tell us how much of the grants are spent in the total expenditure of the GP,
- j. *Texp-trev* –a negative figure shows the total unspent money in the GP.

It is seen across the various districts that in most GPs the proportion of the property tax collected with respect to the demand raised in the GP is in the range of 30-50%. There are GPs with collections as high as 75% but these are few and progressively become smaller in number with the overall backwardness of the region in which the district lies. Hence we see that Bidar and Gulbarga show GPs with as low a collection of 2% to 20% of own revenue in proportion to the total revenue of the GP.

The cost of collection has also been high. Most GPs show a high cost of collection per se, that is, what a Re.1 salary paid to a bill collector could generate in terms of a collection of GP. In many GPs nothing is collected though a bill

collector is present. This gets reflected in the column, which shows the amount collected and the demand raised.

Grants make up 50% of the revenue. And last but not the least it is seen that in most GPs there is considerable amount of unspent money.

This finding is in accordance with the CAG report which shows that "there is an increasing trend in the unutilized funds of ZPs year after year"⁴.

Hence it is required that performance audit be made at the GP level about the various programs undertaken under the various schemes. Also to improve the revenue generation, the GP needs to think more creatively such that people would be willing to pay taxes for a better living all around.

Table 10 : Difference in Expenditure and Revenue (in millions of Rs.)

	Own rev	Grant	Total rev	Total exp	TR min us TE	JGREV	JGEXP	JGREV minus JGEXP
Bang rural	37,21	46,27	83,48	79,56	3,92	35,50	35,32	0,19
Chamrajnagar	8,18	27,62	35,81	29,63	6,18	18,36	20,97	-2,60
Chikmagalur	22,06	67,39	89,45	76,01	13,43	23,13	23,32	-0,19
Hassan	39,36	147,00	186,00	171,00	15,94	56,29	55,91	0,38
Mandya	26,15	51,68	77,83	78,62	-0,79	31,93	31,74	0,19
Mysore	36,52	71,84	108,00	102,00	6,62	26,55	34,65	-8,10
Shimoga	37,32	81,29	119,00	118,00	0,92	41,29	41,55	-0,26
Tumkur	27,26	91,30	119,00	106,00	12,36	35,60	41,32	-5,72
Kodagu	24,05	20,47	33,14	30,90	2,24	25,37	14,56	10,81
Belgaum	47,55	133,00	180,00	151,00	28,86	48,45	53,70	-5,25
Koppal	15,49	22,54	38,03	42,07	-4,04	24,16	23,12	1,04
UK(bhatkal)	13,23	53,24	66,47	63,70	2,77	23,95	24,81	-0,86
Bang Urban	50,49	25,07	75,56	75,33	0,23	40,89	41,42	-0,52
DK(mangalore)	32,40	49,32	80,52	72,54	7,98	13,02	16,31	-3,29
Udupi	30,53	47,18	77,71	73,65	4,06	14,19	12,68	1,52
Kolar	22,18	49,62	72,14	71,07	1,08	58,22	67,28	-9,06
Bellary	14,92	44,28	59,21	56,62	2,58	34,70	35,00	-0,30
Chitradurga	15,35	55,62	70,98	57,69	13,28	47,24	42,63	4,62
Davangere	17,32	62,14	79,46	74,23	5,23	62,05	59,97	2,08
Dharwad	8,98	33,46	42,43	28,04	14,40	9,75	10,22	-0,47
Gadag	10,56	26,73	37,29	32,55	4,74	17,93	17,84	0,09
Haveri	16,60	51,58	68,18	57,73	10,45	21,17	22,63	-1,46
Raichur	11,04	46,41	57,45	44,52	12,93	26,68	25,78	0,90
Gulbarga	21,14	69,11	90,25	97,08	-6,83	69,89	70,08	-0,19
Bijapur	19,03	42,28	61,32	51,58	9,74	33,77	34,51	-0,74
Bagalkote	15,02	37,91	52,93	39,48	13,44	32,05	33,08	-1,02
Bidar	7,14	37,96	45,10	39,89	5,21	49,25	46,45	2,79

Table 18: Bangalore Urban - Bangalore North(2000)

	GPNAME	PTMIN	PTMAX	Col to dd	Cost of col	Orev trev	Orev to totsal	Tgar to trev	Tgar to texp	Texp- trev	Orev to texp
1	Herohally	131	2628	72	14	76	21	13	13	14873	75
2	Shivakote	97	135	78	6	33	66	46	49	-18942	35
3	Sonnappanahalli	67	157	112	13	74	15	16	17	-72526	80
4	Kattigenahalli	65	131	73	3	56	39	25	24	14438	54
5	Kithanahalli	15	160	64	5	30	62	32	29	33578	27
6	Huralichikkanahalli	30	200	91	6	42	37	37	38	-6704	43
7	Bettahalasur	131	0		10	46	17	15	16	-30906	49
8	Hesaraghatta	25	200	54	6	36	26	27	28	-10205	37
9	Gantiganahalli	60	200	244	19	54	18	33	44	-110027	71
10	Machohally	50	500	96	16	56	27	22	21	13638	55
11	Madanayakanahalli	20	200	95	15	63	28	22	18	174765	51
12	Huskur	50	100	96	8	25	54	41	76	-216963	47
13	DoddaBidarakallu	175	290	103	25	70	16	22	19	112288	60
14	Chikkabanavara	0	0	124	8	65	47	23	10	798717	23
15	Kasaghattapura	48	120	58	8	36	63	41	51	-68699	45
16	Gopalapura	40	65	120	6	29	46	53	58	-26771	32
17	DoddaBettahalli	182	208	161	36	68	25	18	16	111992	59
18	Marenahalli	20	300	93	11	37	41	35	32	24948	35
19	Dasanapura	20	150	152	21	85	15	9	10	-52458	88
20	Chikkajala	0	0	115	26	77	15	14	17	-171396	93
21	Sondekoppa	130	480	32	4	38	50	40	41	-2729	38
22	Madavara	39	131	39	12	67	33	15	17	-72139	74
23	Hunasamaranahalli	20	157	114		70	9	11	12	-27216	73
24	Kodigehally	40	150	105	4	49	51	33	29	47401	45
25	Sonnenahalli	60	180	282	8	51	30	31	32	-10301	52
26	Abbigere	131	1310	78	13	45	43	34	35	-10949	46
27	Bagalur	40	418	109	9	64	15	16	24	-201754	94
28	Doddajala	35	150	99	60	84	8	11	13	-205977	100
29	Singanayakanahalli	50	262	91	5	49	34	35	36	-12536	51
30	Alur	40	800	98	4	39	34	43	41	20543	37
31	Bandikodigehalli	40	520	63	6	43	36	34	34	4506	43
	Std dev	49	499	52	12	17	16	12	16		21

Table 19:Bangalore Rural Channapatna(2000)

	GPNAME	PTMIN	PTMAX	Col to dd	Cost of col	Orev trev	Orev totsal	Orev texp	Tgar trev	Tgar texp	Texp- trev
1	Akkur	20	46	55	2	49	60	47	0	0	11668
2	M.B.Halli	35	40	73	3	18	171	20	59	65	-23188
3	Thagachagere	19	39	108	6	45	109	38	31	26	46469
4	Singarajapura	30	150	72	2	35	88	28	0	0	66529
5	Sulleri	0	0	91	4	26	115	28	0	0	-15398
6	Mylanayakanahalli	21	131	176	3	23	65	26	38	42	-47421
7	J.Byadarahalli	10	37		0			0		0	71400
8	Makalli	32	52	97	2	29	121	26	52	48	13052
9	BanduruValagerehalli	30	200	154	6	50	66	45	41	37	29948
10	H.Byadarahalli	20	60	152	4	31	109	34	43	46	-17007
11	Honganur	20	150	175	5	39	52	30	9	7	90906
12	Bhoohalli	20	75	117	3	30	123	30	51	50	1803
13	Bevooru	30	40	102	4	39	105	29	22	17	75430
14	Mathikere	40	80	287	3	35	103	28	47	38	45318
15	Alethotadahalli	15	50	96	3	27	119	27	0	0	-6001
16	Banagahalli	8	22	31	2	55	30	63	35	40	-57319
17	Virupakshipura	36	120	81	3	28	149	17	18	11	134346
18	Mudugere	32	50	78	4	17	150	29	27	44	-132516
19	Malur	30	141	61	4	43	41	41	41	39	21345
20	Sogala	10	45	59	3	29	60	28	0	0	10786
21	Rampura	10	110	61	4	47	84	46	29	28	5648
22	Malurupatna	8	15	55	1	38	101	35	0	0	17684
23	Kodamballi	10	120	74	3	44	47	76	36	62	-185686
24	Harokoppa	20	80	156	4	27	101	31	56	63	-27420
25	Dashavara	13	55	90	2	46	63	47	29	30	-6613
26	Iggaluru	30	100	87	6	47	84	45	33	32	10611
27	Kudlur	30	90	68	5	45	58	36	6	5	66000
28	Thittamaranahalli	16	105	57	4	52	64	51	0	0	5913
29	Nagavara	5	40	108	4	26	70	33	48	63	-75319
30	Vandaraguppe	0	0	174	17	54	36	94	31	53	-218468
	Std-dev	11	49	54	3	11	36	18	20	23	

Table 20: Bidar Aurad(2000)

	GPNAME	PTMIN	PTMAX	Col to dd	Cost of col	Orev trev	Orev totsal	Orev texp	Tgar trev	Tgar texp	Texp- trev
1	Balat (B)	60	90	29	1	8	85	298	8	85	-305
2	T. Kushnoor	15	100	31		18	73	269	13	52	60883
3	Hedgapura			10	1	9	57	225	10	58	-2211
4	Ladha			13	1	7	83	700	7	82	1676
5	Koutha(B)	20	50	47	2	12	88	325	12	89	-1689
6	Santhapura	50	70	12	0	13	79	305	15	93	-26220
7	Dupatmahagoan	5	30	88	2	10	72	169	17	122	-115615
8	Jojana	13	15	10	1	14	78	635	12	70	18638
9	Wadgaon	20	30	5	0	2	91	2965	2	105	-25803
10	Jambagi	40	50		2	12	79	323	14	94	-26346
11	Nagamarapalli	17	25	31	2	13	87	236	22	147	-101758
12	Chikali(J)	10		12	1	3	91	328	3	104	-26047
13	Chintaki	32	50	100	1	17	75	243	21	92	-32650
14	Shembelli	20	46	52	1	11	81	412	12	84	-6591
15	Sundal	20	50	51	1	10	83	482	11	93	-23385
16	Badalgoan	10	20	54	2	29	55	139	29	56	-3785
17	Eklara	20	27	31	1	6	90	711	7	113	-46668
18	Korekal	18		143	5	28	55	113	32	63	-32797
19	Belakuni(Chowdri)	14	16	8	0	17	79	207	24	111	-121208
20	Mudola(B)	30	75	15	2	19	76	312	25	104	-44443
21	Chandori	15	30	54	1	12	79	212	14	91	-23192
22	Khed	10		56	2	9	86	451	9	87	-5189
23	Sonala	20	50	82	2	19	78	158	19	79	-3116
24	Kamalanagar	50	60	76	4	27	50	126	28	52	-13669
25	Diggi	15	35	62	1	7	72	185	13	132	-127260
26	Torna	30	60	75	2	13	72	208	15	82	-28331
27	Holsamadra	15	35	61	1	12	79	327	14	91	-21844
28	Madnoor	10	15	57	1	10	78	161	10	77	2301
29	Belkoni	20	36	32	2	5	90	567	6	107	-42735
30	Murki	15	25	86	3	16	66	181	17	68	-8286
31	Dapka	15	25	3	0	4	80	743	7	137	-92259
32	Chikli(U)	19		45	2	11	85	252	10	82	8935
33	Bhandarkumtha	15	35	59	2	20	60	181	21	63	-16750
34	Dowgaow(M)	35	90	16	1	14	79	224	16	90	-26049
35	Bonthi	20	35	6	0	7	84	743	8	92	-15523
36	Chimegaon	15	77	15	1	13	81	259	15	95	-20817
37	Ekamba	15	35	227	1	16	77	299	18	87	-25696
	Std dev	12	23	44	1	6	10	471	7	22	

Table 21: Gulbarga Afzalpur(2000)

	GPNAME	PTMIN	PTMAX	Col to dd	Cost of col	Orev trev	Orev totsal	Orev texp	Tgar trev	Tgar texp	Texp- trev
1	Udachan	30	40	231	4	41	109	37	37	34	30800
2	Manur	25	50	57	4	46	62	43	21	20	40934
3	Baluragi	32	40	96	4	24	134	21	23	20	41834
4	Chowdapur	40	84	44	4	26	105	23	52	46	41949
5	Revoor(b)	17	34	92	2	17	222	17	56	54	6777
6	Kallur	35		46	1	17	244	14	40	33	46029
7	Devel Ghanagapur	116	480	96	13	68	69	64	35	33	31431
8	Karagigi			94	3	57	56	53	12	11	32756
9	Gour(B)	15	50	98	1	30	107	27	14	13	35797
10	Allagi	50	75	79	3	38	68	41	0	0	-23709
11	Bhiramadagi	40	140	15	1	18	251	13	16	12	80390
12	Bidnoor	29	49	19	1	12	263	9	18	15	44190
13	Hasaragundgi	40	45	84	2	12	237	11	21	18	32806
14	Gobbr(B)	29	30	228	5	50	47	59	6	8	-73535
15	Mallabad			5	1	19	130	22	1	2	-33500
16	Koganur	8	70	131	3	26	139	19	16	12	79202
17	Badadal	15	30	81	1	8	272	7	54	42	71957
18	Anoor			92	5	18	207	16	30	26	34690
19	Mashal	15	50	49	1	39	88	36	22	20	34818
20	Atnoor	65	125	63	3	28	84	34	0	0	-51303
21	Bandrwad	30	150	48	0	19	109	15	8	7	58895
22	Guduoar	12	50	111	5	26	92	21	34	28	71690
	Std-deviation	24	104	57	3	16	76	16	17	15	

Tables 22: Kodagu Madikeri (2000)

	GPNAME	PTMIN	PTMAX	Col to dd	Cost of col	Orev trev	Orev totsal	Orev texp	Tgar trev	Tgar texp	Texp- trev
1	Margodu	10	90	125	2	29	27	37	71	89	-85751
2	Napoklu	20	3000	60	3	63	19	65	19	19	-31330
3	Nariyandada	30	50	28	1	34	42	36	23	24	-16278
4	Makkandoor	30	120	104		10	42	12	61	69	-46786
5	Bettageri	20	80	65	4	18	36	24	63	85	-88546
6	Sampaje	15	60	81	4	9	50	10	62	67	-30290
7	Konajageri	31	45	131	3	17	28	17	53	51	13706
8	Hoddur	25		105	3	15	30	15	52	53	-4324
9	Peraje	47	141	48	2	17	44	25	33	48	-108522
10	Galibeedu	16	319	105	3	14	45	19	59	78	-109565
11	Kunjala	20	400	229	3	30	15	30	46	46	-4469
12	Kadagalu	10	80	82	8	10	50	10	51	54	-16943
13	Bengoor	17	99	29	3	27	28	27	66	68	-12583
14	Kundacheri	20	280	29	2	11	47	13	62	70	-45565
15	Kalakeri Nidugane	20	250	80	2	22	23	25	52	58	-50631
16	Made	30	60	156	2	6	58	6	54	54	3878
17	Karika			91	4	16	31	30	55	104	-198669
18	Ballamavati	10	20	67	3	11	29	12	56	59	-16540
19	Chanbu	19	84	73	3	30	10	57	43	82	-209559
20	Kanthur_Murnad	25	3720	46	7	55	15	54	25	24	22275
21	Bhagamandala	12	1170	77	2	21	35	24	43	50	-68459
22	Hakathur	30	100	58	3	15	52	16	49	50	-4757
	Std-dev	9	1014	46	2	14	13	16	14	21	

Table 23: Udupi Karkala(2000)

GP	NAME	PTMIN	PTMAX	Col to dd	Cost of col	Orev trev	Orev totsal	Orev texp	Tgar trev	Tgar texp	Texp- trev
1	Bailur	13	2000	98		23	37	40	43	76	-167238
2	Belman			72	7	48	19	79	20	34	-321822
3	Bola	27	1200	60	5	21	42	19	44	41	22324
4	Durga	32	393	87	3	18	30	16	51	44	52450
5	Hebri	15	1000	118	3	71	14	63	14	12	163808
6	Hirgan	14	300	98	4	24	25	23	44	42	21219
7	Idu	20	850	138	5	30	18	36	35	42	-81481
8	Inna	12	393	100	2	23	35	18	47	36	107231
9	Kadthala	10	200	100	2	17	30	15	45	38	65172
10	Kanthavara	17	112	100		17	49	22	51	68	-85270
11	Kuchoor	20	600	100		24	43	19	49	40	85278
12	Kukkundoor	53	1900	58	20	54	11	65	18	22	-152330
13	Mudar	15	3000	125	2	42	20	37	35	31	63698
14	Mala	10	1560	106	2	19	46	18	45	42	28932
15	Marne	30	300	102	3	43	16	51	25	30	-95830
16	Miyar	10	4000	113		30	30	28	36	35	21014
17	Mudradi	10	2620	91	2	28	34	21	40	31	124387
18	Mundkur	14	655	100	4	37	30	48	28	36	-141373
19	Nadpal	10	584	80		12	76	11	61	58	13451
20	Neere	10	3000	99		27	36	25	38	36	20063
21	Nallur	15	1500	93	2	16	49	13	46	37	89314
22	Nitte	8	200	101	59	63	10	58	15	13	119181
23	Palli	14	551	95	1	33	42	31	28	26	25184
24	Renjali	16	600	104	2	15	34	21	42	62	-126819
25	Sanoor	30	3000	101	6	31	27	30	37	34	29771
26	Shirlalli	17	615	134	2	19	86	22	44	51	-52311
27	Shivapura	13	750	101	4	19	34	22	37	41	-46354
28	Varanga	16	2250	122	34	32	29	29	37	33	54109
29	Yerlapady			85	1	13	24	12	50	45	34142
	Std-deviation	10	1084	18	13	15	17	18	12	14	

Table 11: Top two GPs in each district which had the highest amounts collected as own revenue

	Property tax	License fees	Water charges	RENCOL	Devpt fees	Santhe fees	OTHDEP	OTHREV	Cont	OREV
Bang rural										
Channapatna	1658523	189162	626744	71469	5800	85776	80900	437310	0	3155684
Nelamangala	3564683	652533	222285	126372	1397646	52156	0	378369	0	6394044
Chamarajnagar										
Chamarajnagar	939134	268708	621610	79450	1200	0	42885	412019	0	2365006
Gundlupet	1437389	353535	415032	37525	0	135982	11989	216772	0	2608224
Chikmagalur										
Chikmagalur	2243259	269323	528145	296884	141803	402715	61760	523440	0	4467329
Tarikere	2609324	385963	597193	399687	85426	244750	82675	769742	0	5174760
Hassan										
Alur	752588	66525	131349	83530	0	0	2900	152410	0	1189302
Hassan	8926634	1738391	1982672	352477	82309	469450	462641	3985211	0	17999785
Mandya										
Krishnarajpet	1118801	310434	231064	135873	119567	120246	32000	695607	0	2763592
Mandya	2387536	800617	663967	100557	441201	67646	0	1230186	0	5691710
Mysore										
Hdkote	1528168	204478	578597	13250	0	248884	0	469564	0	3042941
Mysore	5492547	758080	1425873	147183	0	5254	19505	1144249	0	8992691
Shimoga										
Bhadravati	2882469	345104	759201	280918	236942	0	326322	714721	0	5545677
Thirthahalli	10097642	1126954	2418356	1536770	215448	1220	585574	3565059	0	19547023
Tumkur									10927	
Cnhalli	989975	134080	206432	103470	19593	61095	71200	327368	2	2022485
Koratagere	1448229	115789	193904	151962	11379	566762	146450	766847	0	3401322
Kodagu										
Madikeri	745623	230119	111610	161260	76610	613320	121675	545205	0	2605422
Virajpet	1700056	997662	614008	1022403	15117	1947943	3059714	2024915	0	11381818
Belgaum										
Athani	2547398	114118	933202	265775	0	183919	1500	341572	0	4387484
Khanapur	6557501	294571	1782914	339423	49418	326742	0	1083594	0	10434163
Koppal										
Gangavathi	3515336	557958	398621	245643	69859	241172	0	1168017	0	6196606
Koppal	1787276	478478	582699	127449	53336	146419	4750	1376318	0	4556725
UK										
Ankola	427493	47528	312289	43615	0	308	16500	801458	0	1649191
Bhatkal	820515	146844	48000	484344	0	58121	5278	604024	0	2167126
Bangalore										
urban										
Anekal	7503949	483683	230820	307000	241076	157955	91899	2359461	0	11375843
B'lore south	22286708	1620725	910877	330710	983730	106000	98650	1376683	0	27714083
DK										
Bantwal	2724054	1244186	193006	1446259	6337	85441	90490	1569932	0	7359705
Mangalore	7651574	1663247	772896	2088380	3104	193363	341680	1781288	0	14495532
Udupi										
Karkalla	1989787	844763	3080	1415347	0	0	336493	643793	0	5233263
Udupi	7175997	2243646	268298	4561361	0	0	1339335	1476242	0	1

	Property tax	License fees	Water charges	RENCOL	Devpt fees	Santhe fees	OTHDEP	OTHREV	Cont	OREV
Kolar										
Bagepalli	812356	76554	115824	92869	8117	225990	40300	252932	0	1624942
Malur	1247827	144313	213225	4150	187250	295849	35500	978217	0	3106331
Bellary										
Bellary	2053353	279503	777602	102344	9730	276161	0	345330	0	3844023
Hospet	1187721	490133	297765	139355	92700	67000	20	20744	0	2295438
Chitradurga										
Challakere	2222855	404429	267584	177786	4750	94538	25200	248521	0	3445663
Chitradurga	2416658	350556	328775	168770	10335	74950	2100	517440	0	3869584
Davangere										
Channagiri	1984573	298324	550251	72090	50619	149279	0	481272	0	3586408
Honnali	2419101	158494	512356	140412	32911	97562	7900	703601	0	4072337
Dharwad										
Dharwad	1145975	53286	392486	51380	0	40160	50915	77561	0	1811763
Hubli	1451158	117014	687875	49420	247413	112573	13352	276410	0	2955215
Gadag										
Gadag	1848584	112140	659544	87046	392876	95795	184285	252649	0	3632919
Ron	1718412	96424	907395	172747	14833	82273	56360	353725	0	3402169
Haveri										
Byadgi	968508	27536	126484	28025	14550	15400	2616	88258	0	1271377
Hirekerur	2236061	84039	531868	220519	47698	132921	0	165066	0	3418172
Raichur										
Deodarg	663058	49113	209579	118215	1500	66520		74650		1182635
Lingsugur	1641299	153879	443281	113480	21800	184500	0	496944	0	3055183
Gulbarga										
Afzalpur	1103358	118969	541952	86660	0	47860	0	291072	0	2189871
Gulbarga	2484434	262868	602502	22600	74760	10301	0	30332	0	3487797
Bijapur										
b.bagevadi	3875986	183108	447930	103996	8961	142914	53965	128226	0	4945086
Bijapur	3054801	206906	289556	71490	159362	197415	2500	404734	0	4386764
Bagalkote										
Badami	1511792	314251	696200	111026	40225	22472	20294	256102	0	2972362
Hangund	1665547	554045	387883	207114	2332	22594	36622	323227	0	3199364
Bidar										
Aurad	934367	27850	131123	4800	0	0	0	10553	0	1108693
Basavakalyan	1375047	45051	33429	0	0	5000	400	139073	0	1598000

(Footnotes)

¹ I am grateful to CBPS for the opportunity to work on this study; to Dr Vinod Vyasulu for helping me access this data base; and Dr K.S. Krishnaswamy for useful comments and encouragement. Views and opinions are my own.

² See

www.cbpsindia.org

for the various studies.

See also M.Govinda Rao, H.K.Amarnath, B.P.Vani,

'Rural Fiscal Decentralisation in Karnataka State

', Institute for Social and Economic Change, Bangalore and National Institute for Finance and Public Policy, New Delhi, 2003.

³ CAG report, Civil, Chapter 1, 2002,

www.kar.nic.in

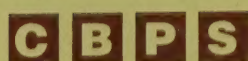
⁴ CAG, 2001, Overview,

www.kar.nic.in

About the Author

Dr.A. Indira, Consulting Economist

She is a post-graduate in Management from Indian Institute of Science, Bangalore and a doctorate in Industrial Economics from Osmania University, Hyderabad, and has six years of post Ph.D research experience. She also has a degree in law. Her main areas of interest are technology diffusion and policy analysis. She has been working in the area of Panchayat Raj from past four years.



The Centre for Budget and Policy Studies (hereinafter referred as the Centre) is a non-partisan, non-profit, independent society established by a group of professionals based in Bangalore and registered under the Karnataka Registration of Societies Act in February 1998 (no 777 of 1997-1998). The President is Dr. D. K. Subramanian and the Secretary and Director is Dr. Vinod Vyasulu.

The objective of the Society is to contribute through research to understanding and implementing a process of long run, sustainable, equitable development in countries like India. Equity, as we understand it, extends across time - future generations must not be deprived of resources because of irresponsible use - and class and gender - all human beings have inalienable rights that society must ensure.

An area in which the CBPS has made a contribution is in the context of the ongoing process of democratisation and decentralisation following upon the 73rd and 74th amendments to the Indian Constitution. In this context, budgets of different governmental bodies are important statements of policy priority. Budget analysis at local levels is an area where much needs to be done. An example is the work of the Centre in studying the budgets of two zilla panchayats [Dharwad and Bangalore (Rural)] in Karnataka. The report was published and is being used in programmes to orient those who have been newly elected to panchayats. In order to study decentralisation in urban areas, the finances of Urban Local Bodies- city municipal councils were taken up for study. The finances of Mandya and Udupi in Karnataka have been completed. Studies on the finances of City Municipal Councils around Bangalore are in progress.

One way of meeting our objective is by providing inputs into ongoing debates in society on matters of policy priority. Industry is one such area. CBPS did a study and published a monograph on the functioning of different sectors of industry, its impact on employment, livelihoods, productivity and the like. Ecological and environmental sustainability is another important area of decentralised functioning. CBPS has studied the working of programmes like drinking water, watershed development and joint forest management to see how local bodies can contribute to the meeting of national objectives. Studies of other important policy areas are on the anvil. Another area of importance is an understanding of the nature of the local economy. The Centre has worked on this issue and a manual on the method to calculate District Income in India, sponsored by the Planning Commission, has been published by Macmillan India. CBPS has collaborated with a software company, Spatial Data Pvt Ltd, to develop this as a software called 'Indical' using maps with GIS engine. District officials of Kerala have been trained in using this software to calculate their district income. Further work on this will continue.

CBPS prepared report on a case study of the marginality of productivity, income and food security in Koraput district of Orissa, based on primary data of 200 households that was collected by CBPS.

CBPS will remain a small body of professionals who will work by interacting and networking with others who share such interests. With this in view, CBPS conducted a Workshop for groups of South Asia on 'Civil Society and Budget Analysis' on behalf of the International Budget Project, Washington. A report on the workshop has been published.

The results of all this work are disseminated in training workshops and in follow up programmes.